

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SCI-06 SCEM-02 INT-08 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

PA-04 USIA-15 PRS-01 NSC-10 SS-20 STR-08 CEA-02 DRC-01

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R 091135Z JAN 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 9567

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E.O. 11652: N/A

TAGS: ENGR, EFIN, DR

SUBJECT: PETROLEUM: DR FACES SEVER B/P STRAINS

RESULTING FROM HIGHER PETROLEUM PRICES

1. FOLLOWING A LONG PERIOD OF RELATIVE UNCONCERN, THE DOMINICAN REPUBLIC IS BEGINNING TO WORRY ABOUT THE IMPACT ON THE COUNTRY OF THE ENERGY CRISIS. RECENT PUBLIC STATEMENTS BY BOTH THE GOVERNOR OF THE CENTRAL BANK, DIOGENES FERNANDEZ, AND A LEADING LOCAL PRIVATE ECONOMIST, BERNARDO VEGA, HAVE ADDRESSED THE ISSUE OF INCREASED COSTS TO THE DOMINICAN REPUBLIC RESULTING FROM THE LATEST VENEZUELAN PRICE INCREASES. ASSUMING THE SAME LEVEL OF CONSUMPTION AS 1973, THEY ESTIMATE 1974 PETROLEUM IMPORTS WILL COST THE COUNTRY AN EXTRA \$100 MILLION IN FOREIGN EXCHANGE. THIS INCREASED COST OF PETROLEUM ALONE WOULD REPRESENT A 25-30 PERCENT INCREASE IN THE COUNTRY'S IMPORT BILL.

2. BOTH OF THE STATEMENTS CITED ABOVE COMMENTED ON THE EFFECTS THIS INCREASED PETROLEUM COST WOULD HAVE ON THE ECONOMY AND BOTH IMPLIED THAT GODR MEASURES ARE

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NECESSARY TO LESSEN THE IMPACT ON DEVELOPMENT AND THE

COST OF LIVING. ON JANUARY 7 PRESIDENT BALAGUER
PROHIBITED GOVERNMENT AGENCIES FROM IMPORTING CARS
(REPORTED SEPTEL). THIS IS THE FIRST MINOR ACTION TAKEN
BY GODR TO CONFRONT SITUATION.

3. COMMENT. AWARENESS THAT COUNTRY FACES A DIFFICULT
SITUATION AS RESULT OF THE NEW PETROLEUM PRICES IS
BEGINNING TO DAWN ON DOMINICAN REPUBLIC. THE STATEMENTS
BY FERNANDEZ AND VEGA AND THEPRESIDENT'S WELL-PUBLICIZED
STEP APPEAR DESIGNED TO SET THE STAGE FOR MORE SIGNIFICANT
GODR ACTIONS TO CONSERVE FUEL AND CONFRONT AN IMPENDING
BALANCE OF PAYMENTS CRISIS.
HURWITCH

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 09 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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Subject: PETROLEUM: DR FACES SEVER B/P STRAINS RESULTING FROM HIGHER PETROLEUM PRICES
TAGS: ENRG, EFIN, DR, (FERNANDEZ, DIOGENES)
To: STATE
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